



**FORTY-SIXTH MEETING OF THE
COMMITTEE OF REPRESENTATIVES OF GOVERNMENTS AND ADMINISTRATIONS**
(Noumea, New Caledonia, 28-30 June 2016)

AGENDA ITEM 6: SALARY SCALE AND PROPOSALS FOR FISCAL YEAR 2017

(Paper presented by the secretariat)

Summary

1. This paper proposes that in 2017 there should be no changes in salary scales and no overall salary increase for secretariat staff, whatever the category or duty station.
2. The main overriding reason for this proposal is SPC's economic situation in terms of balancing the core budget. Freezing salary scales mainly affects future recruitments, but also staff likely to be promoted. Not increasing salaries affects current staff. These two measures are, in fact, among the safeguards available to re-establish, over the short term, a balanced budget for the organisation. They are temporary measures that will end as soon as the goal of re-establishing a sustainable financial situation has been attained, if possible in 2018.
3. There are other secondary but relevant reasons for the proposal. Firstly, given the proposed revision of the salary and benefits system, as described in Paper 6.4 (iii), it would be unwise to change important parameters of the current system now. In addition, SPC has almost caught up with the salary scales of other CROP¹ agencies as a result of the adjustments we made in 2015 and 2016 and the break taken by the other agencies in 2016. In addition, inflation has remained moderate in our main host countries, thereby ensuring that SPC remains competitive on local job markets.

Recommendations

4. CRGA is invited to approve the following measures, with effect throughout 2017, for all categories of positions (internationally and locally recruited) and at all SPC sites (New Caledonia, Federated States of Micronesia, Fiji, Solomon Islands and Vanuatu):
 - i. a freeze on SPC's salary scales;
 - ii. no general salary increase for SPC staff as a whole in 2017, whatever the category or duty station.

¹ Council of Regional Organisations in the Pacific.

SALARY SCALE AND PROPOSALS FOR FISCAL YEAR 2017

Purpose

5. As stated in Paper 6.2 on SPC’s financial situation, SPC and its core budget are likely to continue to face major funding challenges in 2017. Since the core budget now mainly covers salaries and benefits, this paper proposes two short-term salary measures to contain expenditure in 2017.

Background

6. Some 80% of SPC’s core budget expenditure covers staff costs and, given the lack of additional resources, this type of expenditure, mainly on salaries and benefits, must be carefully controlled. Independent of any discussion of possible reductions in the number of staff, which should be considered from a medium- to long-term strategic perspective, the main short-term lever is still wage restraint. In that regard, we have access to two short-term measures:
- freezing salary scales, and
 - freezing general salary increases.

Freezing salary scales for all positions in 2017 (internationally and locally recruited)

7. While SPC was at the bottom of the list of CROP agency salary scales last year, during 2016 its position has clearly improved due to a proactive increase of 4% in its salary scales, as approved by CRGA in November 2015. It should be pointed out that, as explained at CRGA 45, this salary scale adjustment did not result in any pay rise for current staff. At the same time, certain other CROP agencies did not increase their salary scales in 2015–2016, which made it easier for SPC to catch up. As Table 1 below shows, SPC now offers salaries that, overall, are equivalent to or higher than those of the Pacific Islands Forum Secretariat and Forum Fisheries Agency, while remaining below those of the Secretariat of the Pacific Regional Environment Programme (SPREP).

Table 1: Salary scales per grade for selected CROP agencies, expressed relative to SPC salary scales (2016)

Grade	Pacific Islands Forum Secretariat	SPREP	Forum Fisheries Agency
8	-0.5%	+2%	Local scale
9	-0.5%	+2%	Local scale
10	-0.5%	+3%	+3.5%
11	-0.5%	+3%	-10.5%
12	-0.5%	+2%	-15.5%
13	-0.5%	+2%	-2.5%
14	-0.5%	+3%	-2.5%
15	-0.5%	+3%	-2.5%
16	-0.5%	+3%	-2.5%
17	+0.5%	+5%	-1.50%
18	+1.5%	+7%	-0.50%

8. In addition, as explained in Paper 6.4 (iii), SPC proposes to revise, in 2016 for 2017, all the provisions of its salary and benefits system. The salary structure is an important part of that system. It would therefore be unwise, in the event of a significant change to the parameters of the reference system (e.g. the currency used for staff contracts), to do without the flexibility that may be needed during a transition from the current system to the new one.
9. The secretariat therefore recommends that salary scales not be revised in 2017. (For information, the 2016–2017 salary scales are provided in Annex 1.)

No general salary increase

10. Based on the full-cost of the current salary mass, a 1% salary increase amounts to 400,000 CFP units. For example, in 2015 and 2016, the general increases, linked to market data reviews as usual practice, amounted to 1.5% and 2%, respectively, i.e. a total, calculated on the basis of current salaries, of between 600,000 and 800,000 CFP units. A decision not to provide a general salary increase in 2017 will have a direct effect on the core budget for core-funded positions and an indirect effect on positions funded by programme and project budgets. It would, indeed, make it possible to free up funding that could contribute to full cost recovery or fund development programmes or new priority initiatives for SPC.
11. This one-off measure should not have a negative impact on SPC's competitiveness in its various job markets. In 2015, inflation was moderate in New Caledonia, which is experiencing a nickel industry crisis (0.57%), moderate in Fiji (1.38%) and negative in our other host countries. It should also be recalled that all staff salaries, except for those of members of the Senior Leadership Team, were subject to a 2% increase as at 1 January 2016, as approved by CRGA 45.
12. Given SPC's current financial situation, the secretariat therefore recommends that in 2017 there be no general salary increases for any position, whatever the category or duty station.

Recommendations

13. CRGA is invited to approve the following measures, with effect throughout 2017, for all categories of positions (internationally and locally recruited) and at all SPC sites (New Caledonia, Federated States of Micronesia, Fiji, Solomon Islands and Vanuatu):
 - i. a freeze on SPC's salary scales;
 - ii. no general salary increase for SPC staff as a whole in 2017, whatever the category or 28–30 June 2016 duty station.
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SPC SALARY SCALES FOR 2016 AND 2017 (MID-POINTS)**POSITIONS ADVERTISED LOCALLY**

Band →	1	2	3	4	5	6	7
Fiji (FJD)	12,640	13,751	15,012	17,636	21,814	26,485	32,016
New Caledonia (XPF)	1,956,088	2,247,157	2,634,936	2,725,263	3,357,840	4,049,180	4,739,550
Federated States of Micronesia (USD)	12,585	17,113	21,642	25,302	28,963	31,935	36,272
Solomon Islands (SBD)	21,087	23,557	41,330	50,357	64,823	75,769	86,892

FJD: Fijian dollar

XPF: Pacific franc

USD: American dollar

SBD: Solomon Islands dollar

POSITIONS ADVERTISED INTERNATIONALLY

Band →	8	9	10	11	12	13	14	15	16	17	18
All sites – SDR	28,610	31,976	36,039	43,263	49,900	57,208	66,959	78,979	91,717	104,214	122,061

SDR: Special Drawing Rights